

Message Text

CONFIDENTIAL

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02 FAA-00

SSO-00 INRE-00 SS-15 NSC-05 NSCE-00 L-03 /061 W

-----210614Z 119890 /16

O 210527Z MAY 77

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC IMMEDIATE 4969

INFO AMAMBASSY LONDON IMMEDIATE 3246

C O N F I D E N T I A L HONG KONG 5807

LONDON FOR AMBASSADOR BOYD, USCIVAIR DEL

E.O. 11652: N/A

TAGS: GDS, EAIR, UK, HK

SUBJ: USUK CIVIL AVIATIONDISUCSSIONS - HONG KONG ROUTES

REFS: A. LONDON 8335

B. HONG KONG 5695

C. STATE 112201

1. UPON RECEIPT OF REFTEL, DEPUTY PRINCIPAL OFFICER CALLED ON DAVID JEAFFRESON, SECRETARY FOR ECONOMIC SERVICES. DPO SAID THAT WE HAD RECEIVED A MESSAGE FROM LONDON DESCRIBING HKG REPRESENTATIVE WONG AS TAKING A VERY TOUGH LINE. HE SAID IT WAS NOT CLEAR FROM THE MESSAGE WHO HAD INITIATED THE CONVERSATIONS OR WHETHER WONG HAD RECEIVED A REPORT OF JEAFFRESON'S MAY 18 CONVERSATION WITH CONGEN OFF (REFB). HOWEVER, DPO BELIEVED THAT IF WONG WAS ACCURATELY REFLECTING HKG'S POSITION, IT SEEMED WE WERE MOVING DOWN AN UNFORTUNATE ROAD. DPO ADDED HE FOUND IT DIFFICULT TO UNDERSTAND HOW HK COULD FIND IT IN ITS INTEREST TO RISK ITS ACCESS TO ITS VASTLY PROFITABLE U.S. MARKET TO TRANSFER A RELATIVELY SMALL AMOUNT OF REVENUE FROM U.S. AIRLINES TO CATHAY PACIFIC.

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2. JEAFFRESON REPLIED THAT HK WAS ONLY PROTECTING ITS OWN AIRLINE'S INTEREST, THAT THE 6 PERCENT THAT U.S. AIRLINES EARNED FROM FIFTH FREEDOM CARGO FLIGHTS WAS NOTHING COMPARE TO THE TOTAL REVENUES THEY EARNED FROM HK ROUTES. THEN, IN A SWITCH OF POSITION, HE SAID THAT HE COULD ONLY NOTE WHAT THE DPO SAID AND PASS IT ON TO HKG NEGOTIATORS IN LONDON AS

THE NEGOTIATION IS BETWEEN THE UK AND THE U.S. HONG KONG HAS NO INDEPENDENT POSITION-UNLIKE IN COMMERCIAL MATTERS SUCH AS TEXTILE TRADE-AND MUST DO AS THE UK SAYS.

3. DPO QUOTED TO JEAFFRESON STATEMENT BY WONG (REFTEL) THAT "UK WOULD NOT AGREE TO ANYTHING IN THE PACIFIC WITHOUT THE APPROVAL OF HK". JEAFFRESON RESPONDED THAT UK SIMPLY TELLS HK WHAT THE POSITION IS AND ASKS FOR COMMENTS. DPO CONCLUDED THE DISCUSSION BY SAYING HE HOPED HKG WOULD USE ITS INFLUENCE WITH UKG TO PERSUADE THEM TO ADOPT A POLICY MORE IN LINE WITH UK'S OWN INTEREST AS WELL AS HK'S INTEREST.

4. COMMENT: DURING THE CONVERSATION JEAFFRESON ADMITTED THAT HE WAS ATTEMPTING TO OBTAIN MORE REVENUES FOR CATHAY PACIFIC, SERIOUSLY WEAKENING THE HKG ARGUMENT THAT HKG IS NOT A FREE AGENT. THIS ALSO LEADS US TO BELIEVE THAT THE UK POSITION ON PACIFIC ROUTES IS NOT SIMPLY A BARGAINING PLOY.

5. REGARDING PARA 4 REF C, ONE WAY OF SIGNALLING THE SERIOUSNESS WITH WHICH WE VIEW SITUATION WOULD BE TO ELIMINATE A SINGLE PRODUCT OF PARTICULAR INTEREST TO HK (SUCH AS TOYS) FROM THE GSP LIST.

6. SHOULD THERE BE NO GIVE IN HK/UK POSITION AFTER TALKS PROGRESS AND IF DECISION ON RETALIATORY ACTION CAN BE TAKEN PROMPTLY, RECOMMEND THAT A) WE BE AUTHORIZED TO INFORM HKG AT HIGH LEVEL THAT TOYS HAVE BEEN REMOVED FROM CONFIDENTIAL

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GSP LIST, B) TIE THIS ACTION TO CIVIL AIR NEGOTIATIONS AND C) LEAVE IMPLICATION THAT WE MIGHT TAKE FURTHER ACTION ON GSP LIST.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 21-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770532/aaaabbky.tel
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Litigation Code IDs:
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Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 49efc58c-c288-dd11-92da-001cc4696bcc
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